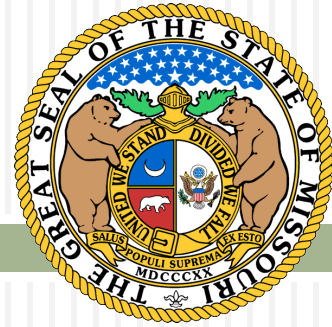


State and Local Financing/Incentives Resources

November, 2011

References



- Program Summaries, Applications:
 - **Dept. of Economic Development:**
www.MissouriDevelopment.org
➤ (Click on “BCS Programs”)
 - **Missouri Technology Corporation:**
www.MissouriTechnology.org
 - **Missouri Development Finance Board**
www.mdfb.org

Download at
www.MissouriDevelopment.org



Missouri's Economic Development Tools:

A PRACTICAL GUIDE TO BUILDING A BETTER MISSOURI



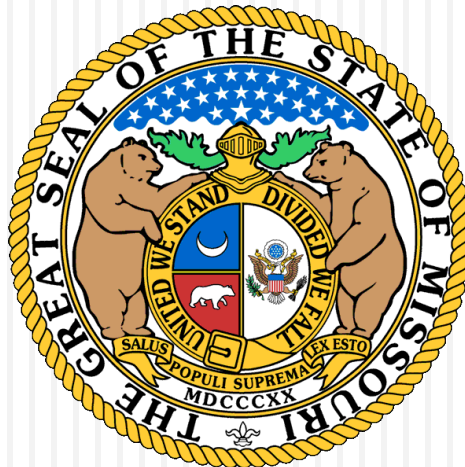
Governor Office Building
280 Madison Street, Suite 1800
P.O. Box 587
Jefferson City, Missouri 65109
Phone: 573-751-8479
Fax: 573-626-4451



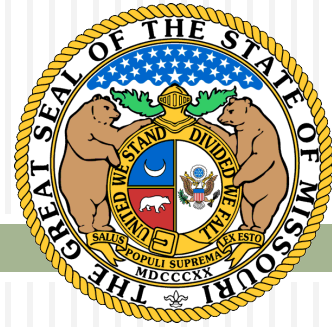
301 West High Street, P.O. Box 1157
Jefferson City, Missouri 65102
Phone: 573-751-4662
Fax: 573-626-7769

Missouri

Competitive Business Advantages

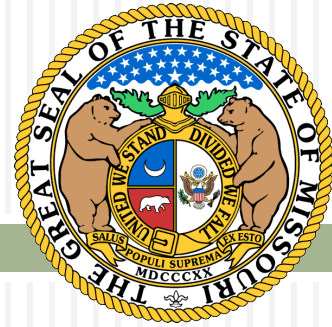


Missouri's Business Advantages



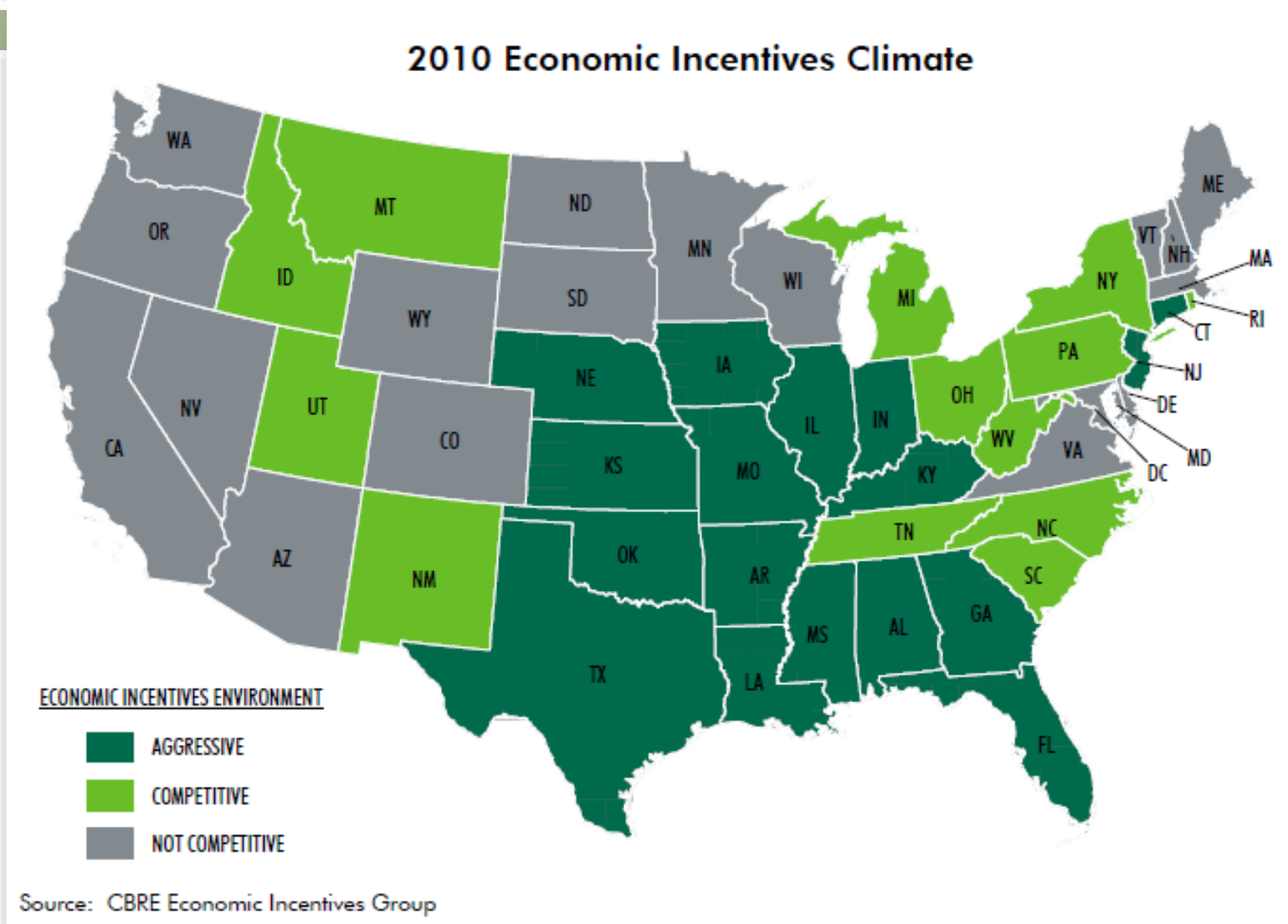
- Stability:
 - AAA bond rating by all 3 rating agencies.
 - One of 8 states.
 - Can't raise taxes w/o public vote.
 - Balanced budget requirement – all public entities.

Missouri – Recent Ratings



- 4th Lowest state and local taxes per capita.
- 8th Lowest average commercial energy costs.
- 10th Lowest industrial energy costs.
- 7th Best business regulatory climate (Forbes)
- 3rd Lowest Business Costs (CNBC)
- 7th Best State for Taxes/Regulation (US Chamber of Commerce)
- 8th Best Higher-Ed Degree Output (US Chamber of Commerce)
- 8th Most Pro-Business State (Pollina Corporate Real Estate)
- 9th Best Transportation System (CNBC)
- 9th Best Quality of Life (Business Facilities Mag)

Aggressive Incentives



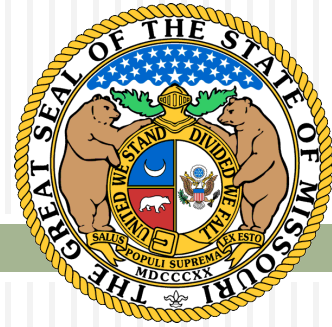
Access to Markets & Transportation Advantages



52% of all U.S. manufacturing plants are within 600 miles.

- **Highways:**
 - ▣ 6 Interstates
- **Rail:**
 - ▣ 6 class-one carriers
 - ▣ Two of largest terminals in US.
- **Water:**
 - ▣ 14 Port Authorities
 - ▣ Ranks 10th for inland waterway mileage.
- **Air:**
 - ▣ Can reach most cities in the United States and Canada in less than three hours

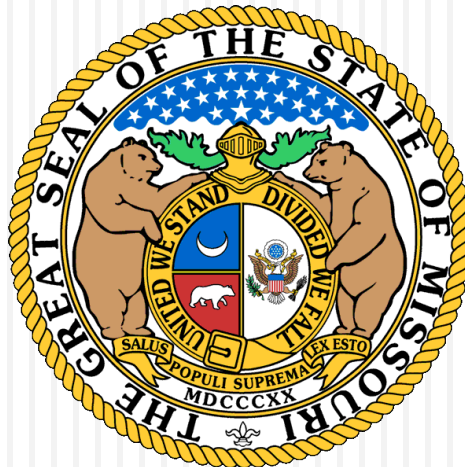
Encouraging Signs



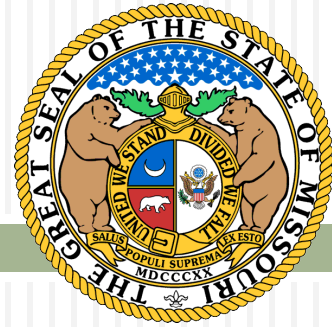
- Unemployment rate
 - Lowest in 2 ½ years.
 - 0.5% lower than US rate.
- State exports:
 - Up 35% in 2010, and up 13% in first 2 quarters of 2011.
 - \$4.4 billion export contracts signed in recent Asia trip.
- Significant new project announcements.
 - Burns and McDonnell (500 jobs), Applebee's HQ (389 jobs), VA Mortgage (320 jobs), Gallus (300 jobs), Ford (1,600 jobs), GM (1,600 jobs), DST (250 jobs)

Missouri Incentives

Terminology/Principles

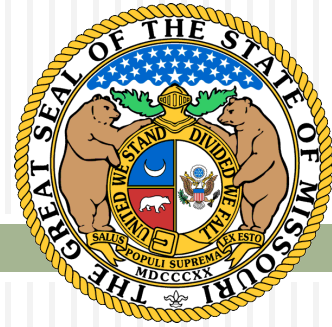


Definitions



- “Primary” Company:
 - Mostly competes outside the local market area.
 - Greater economic impact; Typically higher wages.
- “Local” Company:
 - Mostly competes within the local market area.
- “Institutional” Project:
 - Federal/military facility, higher education, non-profits, research institutions, others.
 - Doesn’t “compete” for sales.

Impact of 100 New Jobs



of Indirect & Induced Jobs

Local Businesses:

•Accom. , Food Services	40
•Arts, Entertnmt., and Recrtn.	38
•Retail Trade	47

Hybrid (Primary & Local)

•Health Care and Social Asst. Info	80
•Construction	99

Primary Businesses:

•Transp. and Warehousing	102
•Wholesale Trade	116
•Finance and Insurance	119
•Prof., Scien., and Tech. Serv.	119
•Information	149
•Utilities	169
•Manufacturing	216

Seven Ps of Site Selection

Primary Company Attraction/Relocation

Proximity

- Close to markets, suppliers, transportation hubs, utility capacity, other required needs.

People

- Number with required skills within 30-45 min. drive radius;
- Number of local graduates in required fields.

Place

- “Cool” place to attract/retain young talent;
- Higher/continuing education.
- Industry “Clusters”

Seven Ps of Site Selection

Primary Company Attraction/Relocation

Product

- Available buildings or sites – shovel ready;
- Applicable to specific needs.

Perception

- Supportive local/state government;
- Cooperative labor situation.
- Citizen/media support.

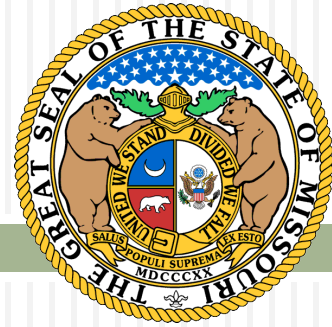
Price

- After meeting **all** 30-60 requirements above, the finalist that has the lowest overall costs, including incentives.

Persistence

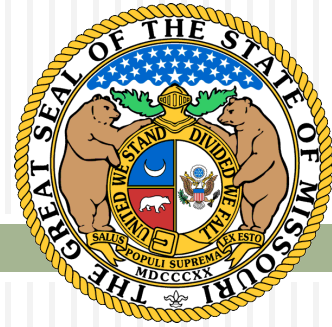
- Reputation for doing good job with site selection consultants and companies.

Program Eligibility Requirements



- Type of business
- Types of eligible areas
 - Economic distress
 - Rural, Metro
 - “Blighted” area.
- Minimum:
 - New jobs; average wages; capital investment.
- Specified Use of funds.
- “But-For”:
 - Haven’t – announced, started project, or spent funds.
 - Public subsidy needed.
- Match (local taxing entities or company)

Types of State/Local Incentives



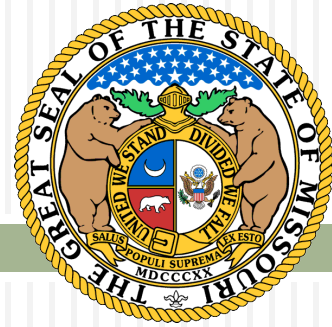
- Tax Credits
- Redirected Taxes
- Tax Abatement/Exemptions
- Cash Funding:
 - Loans, Equity Investments
 - Public Infrastructure grants
- Revenue Bonds
- Building lease
- Lower utility rates

Business Development Projects



Purpose

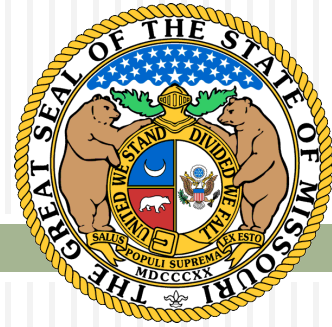
Business Development Programs



- Facilitate
 - New or expanding “primary” companies.
 - New or retained jobs.
 - New private capital investment.
- Resulting in:
 - Lower unemployment.
 - Higher incomes.
 - Added state/local tax base.

Funding Situations

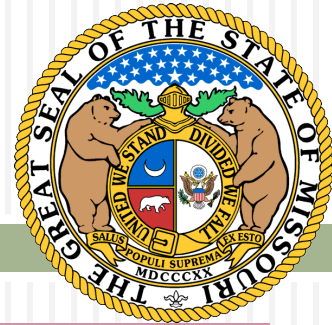
Business Development Programs



- Competition
 - Trying to win a project versus another state.
- Funding Gap
 - Company can't get enough debt or equity from private sector sources to complete a project.

State

Business Development Incentives/Financing



Tax Credits

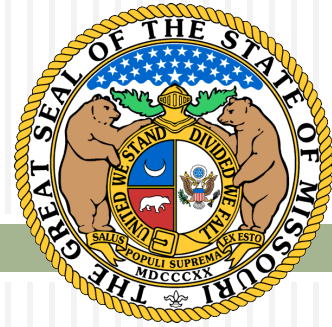
- Quality Jobs
- Enhanced Enterprise Zone
- Rebuilding Communities

Others

- Sales tax exemptions
 - Manufacturing machinery
 - Manufacturing energy costs
 - Chapter 100 personal property tax
- Grow Missouri Loan
- IDEA Seed/VC funds

Quality Jobs

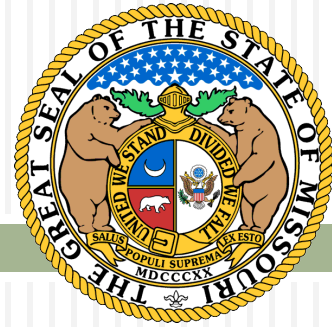
Missouri Tax Credit and WH Retention



- Type of Funding:
 - Performance-Based.
- Eligible area:
 - Not restricted.
- Eligible Project:
 - “Primary” business
 - County avg. wage
 - Health Benefits

Quality Jobs

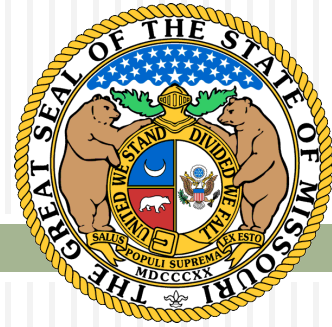
Missouri Tax Credit and WH Retention



Category	Min. New Jobs within 2 years	Benefits
Small Business	20-rural 40-metro	•About 3% of new payroll per year •3-5 years
Technology	10	•Up to 6% of new payroll per year •5 years
High Impact	100	•Up to 7% of new payroll per year •5 years

Quality Jobs

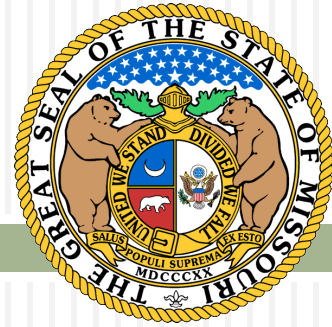
Small business



County Average Wage	\$	37,379			
Pct. Wages of County Avg.		102%			
Greater than 120%?	No - 3 year benefit period				
Year 1Year 2Year 3Total					
New Jobs		40	42	44	
Average Wages	\$	38,000	\$ 39,140	\$ 39,140	
New Payroll	\$	1,520,000	\$ 1,643,880	\$ 1,726,074	
Estimated Retained WH (3%)	\$	45,600	\$ 49,316	\$ 51,782	\$ 146,699

Quality Jobs

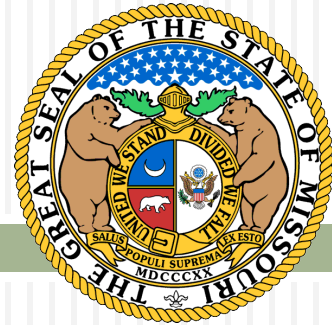
Technology Business



County Average Wage	\$ 37,379					
Pct. Wages of County Avg.	147%		Base Benefit	5%		
Avg. Wage Bonus (120% 140%)	1%		Total Benefit	6%		
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
New Jobs	50	50	50	50	50	
Average Wages	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	
New Payroll	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	\$ 2,750,000	
Program Benefit (6%)	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000	\$ 165,000	\$ 825,000

Quality Jobs

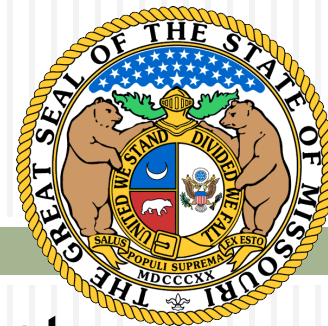
High Impact



County Average Wage	\$ 40,000	Pct. Local Incentives		55%		
Pct. Wages of County Avg.	150%	Local Incentives Bonus		3%	Base Benefit	3%
Avg. Wage Bonus	1%	(10-24%: 1%, 25-49%: 2%, 50%+: 3%)			Total Benefits	7%
Year 1Year 2Year 3Year 4Year 5Total						
New Jobs	100	110	120	130	140	
Average Wages	\$ 60,000	\$ 62,000	\$ 64,000	\$ 66,000	\$ 68,000	
New Payroll	\$ 6,000,000	\$ 6,820,000	\$ 7,680,000	\$ 8,580,000	\$ 9,520,000	
Program Benefit (7%)	\$ 420,000	\$ 477,400	\$ 537,600	\$ 600,600	\$ 666,400	\$ 2,702,000

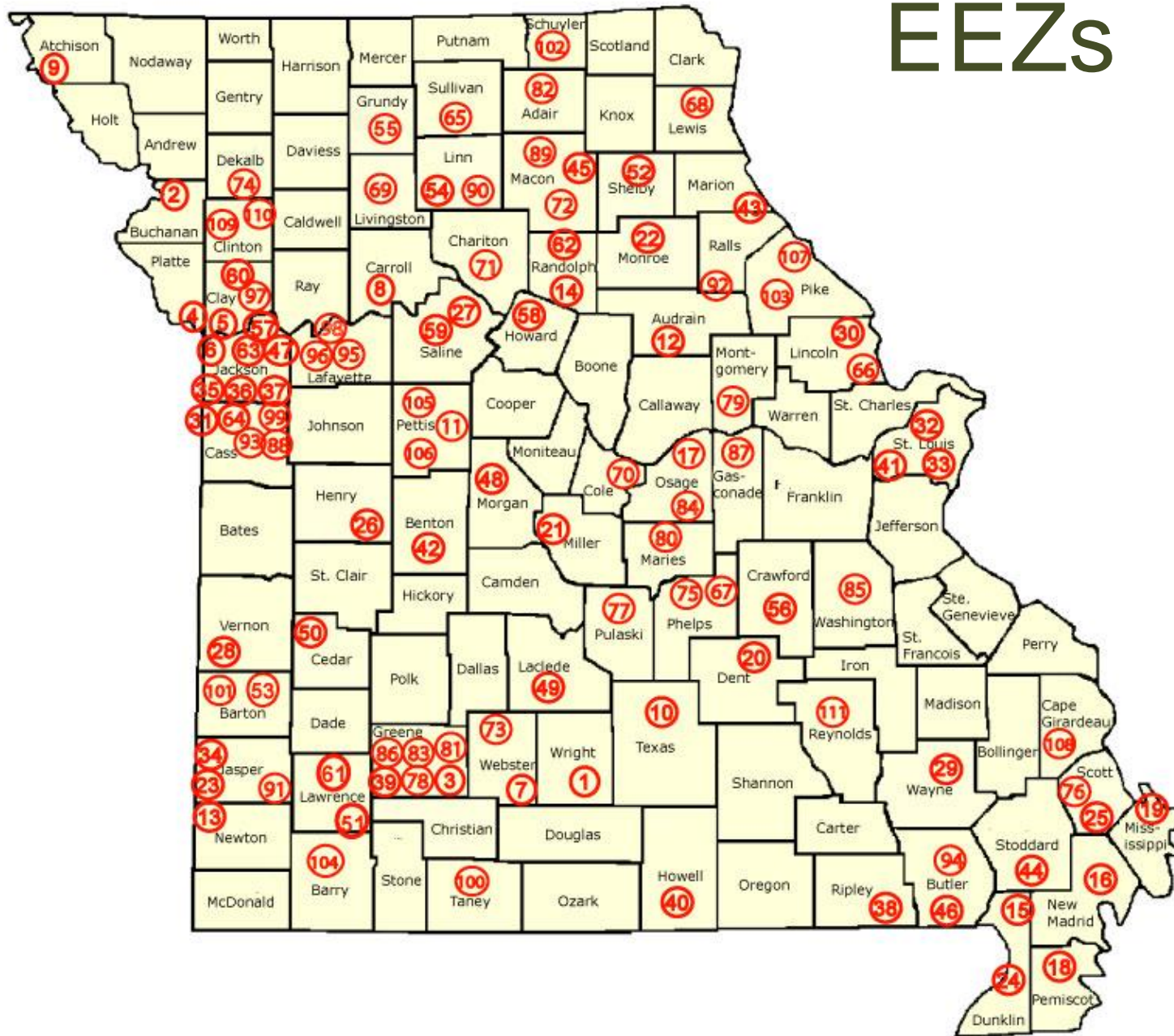
Enhanced Enterprise Zone

Missouri Tax Credit



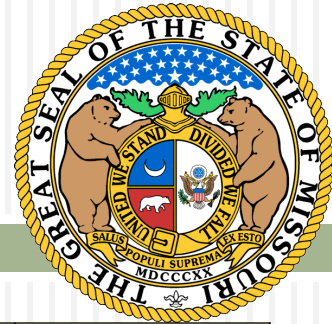
- Type of Approval:
 - Performance Based
- Eligible area:
 - Any one of the 111 EEZ areas.
- Max. per project:
 - 2% of new payroll;
1½% of new investment; 5 yrs.
- Eligible Project:
 - Primary business
 - 2 new jobs; \$100k inv.
 - 80%+ county avg. wage
 - Health Benefits
- Additional Benefit:
 - Automatic real property tax abatement.

EEZs



Enhanced Enterprise Zone

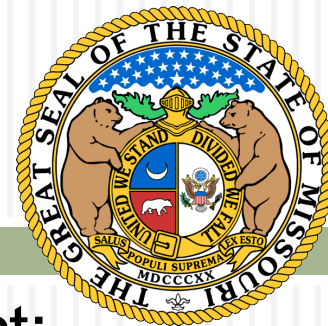
Missouri Tax Credit



	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
New Jobs	20	22	24	26	30	
Avg. Wage of New Jobs	\$ 35,000	\$ 36,050	\$ 37,132	\$ 38,245	\$ 39,393	
Total New Payroll	\$700,000	\$793,100	\$891,156	\$994,382	\$1,181,784	
Job Tax Credits (2%)	\$ 14,000	\$ 15,862	\$ 17,823	\$ 19,888	\$ 23,636	\$ 91,208
New Capital Investment	\$2,000,000	\$2,500,000	\$3,000,000	\$3,500,000	\$4,000,000	
Inv. Tax Credit (1/2%)	\$ 10,000	\$ 12,500	\$ 15,000	\$ 17,500	\$ 20,000	\$ 75,000
Total Tax Credits	\$ 24,000	\$ 28,362	\$ 32,823	\$ 37,388	\$ 43,636	\$166,208

Rebuilding Communities

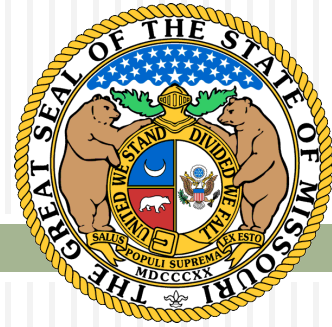
Missouri Tax Credit



- Type of Approval:
 - Formula based on eligible new specialized equipment.
- Eligible area:
 - “Distressed” area.
- Max. per project:
 - New business: \$75,000/yr.
 - Existing business: \$25,000/yr.
- Eligible Project:
 - Mfg, Prof. Services, Others
 - New or existing business
- Additional Benefit:
 - 1.5% credit for new payroll.

Grow Missouri Loan

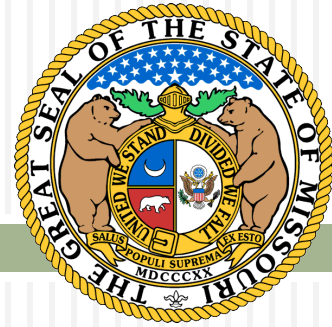
Missouri DED



- Eligible area:
 - Any.
- Max. per project:
 - \$3 million
 - 10% of project funding.
- Eligible Project:
 - Primary business
 - < 500 employees.
 - Health Benefits
- Benefit:
 - May defer for up to 6 years, therefore appears like equity to most banks and SBA 7a loan.
 - Company has 120 days to line up other 90% of funding.

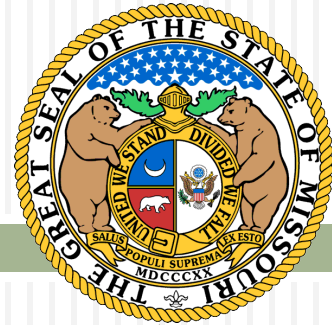
“IDEA” Seed/Venture Capital

Missouri Technology Corporation



- Quarterly competition
 - Dec. 1 – next deadline
- Eligible Project:
 - Primary business
 - Health Benefits
 - Technology/High Growth
- Max. per project:
 - \$50,000 to \$3 million
 - Up to 50% of project funding.
- MTC takes same equity position as private funding.

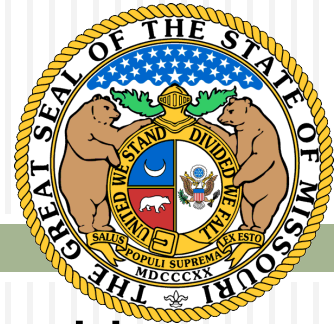
MO Linked Deposit



- Provides banks with means to lower interest rate on business loans.
 - 2-3% lower rate to borrowers.
- Contact a qualified lending institution.
 - See www.treasurer.mo.gov/LinkedDeposit.

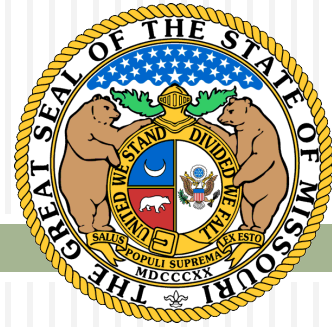
Sales Tax Exemptions

Description



- Eliminates all the new sales taxes caused by a project.
- Purpose:
 - New business development.
 - Redevelopment of blighted properties/areas.

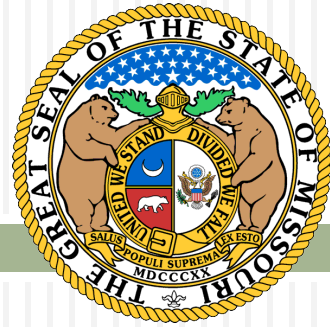
Sales Tax Exemptions



- Statutory Sales tax exemptions:
 - Manufacturing machinery and equipment
 - Manufacturing energy (state only)
- Discretionary sales tax exemptions (Chapter 100 bond issuance required):
 - Personal property
 - Building materials

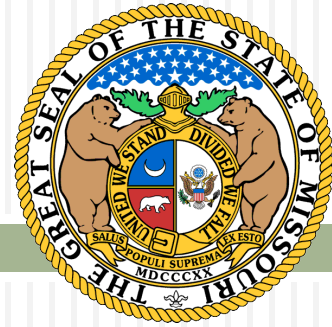
Chapter 100 Bonds

Cities or Counties



- Purpose:
 - Abatement of up to 100% of real and/or personal property tax.
 - Potential of exemption of sales tax on bldg. materials or personal property.
- Bond is of no benefit, just a means to trigger abatement.
 - Unless it qualifies as tax-exempt for manufacturing.
- Method:
 - City/County issues revenue bond.
 - Company typically purchases bond.
 - City/County doesn't guarantee payments.
 - Proceeds used to purchase assets or build building.
 - City/county owns assets.
 - Lease to company in amount of bond payments.

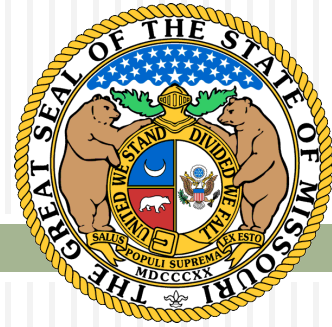
Chapter 100 Abatement/Exemption



	1st Year	10 Years
New Real Property	\$ 5,000,000	
Property Tax	\$ 80,000	\$ 800,000
75% abatement	\$ 60,000	\$ 600,000
Taxes paid to taxing districts	\$ 20,000	\$ 200,000
New Personal Property	\$ 15,000,000	
Property Tax* (w/depreciation)	\$ 249,975	\$ 1,124,888
75% abatement	\$ 187,481	\$ 843,666
Taxes paid to taxing districts	\$ 62,494	\$ 281,222
Building Materials	\$ 2,500,000	
Sales Tax (state and local)	\$ 200,000	
Exemption	\$ 200,000	

HB 45

Income Tax Deduction

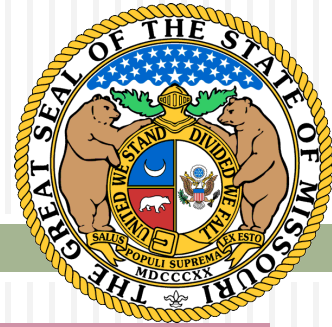


- Statute: 143.173
- Max. per new employee:
 - \$10,000; or \$20,000 if business offers health ins.
- Eligible Project:
 - Any type of for-profit business.
 - Eligible new employees:
 - Above county average wage
 - Min. 35 hours/week
 - Year around
- Other:
 - Tax years 2011 to 2014

Redevelopment Projects



DED Redevelopment Programs



Tax Credits

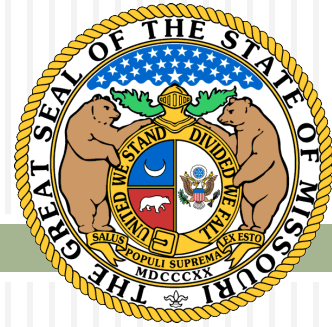
- Historic Preservation
- Brownfield
 - Remediation
 - Demolition
- Infrastructure (MDFB)

Others

- Tax increment Financing
- Downtown Preservation

Historic Preservation

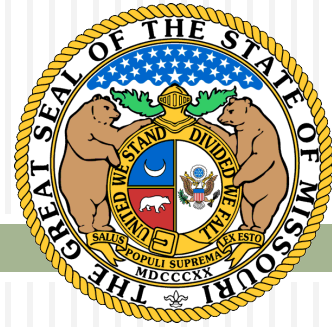
Missouri Tax Credit



- Type of Approval:
 - Formula/First Come
 - 25% of eligible costs.
- Eligible Project:
 - Property on historic register
 - For-profit
- May combine with federal 20% historic credit (for revenue producing projects)

Brownfield Remediation & Demolition

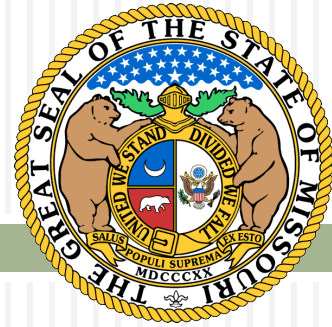
Missouri Tax Credit



- Approval:
 - Discretionary
 - Up to 100% of remediation costs.
 - Up to 100% of demolition costs.
- Eligible Project:
 - Property that has hazardous substances & enrolled in VCP

MDFB Infrastructure Development

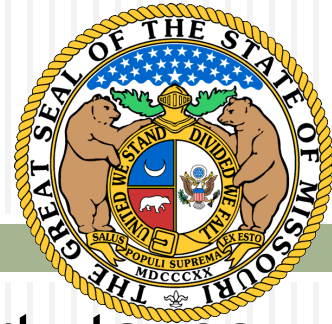
Missouri Tax Credit



- Approval:
 - Discretionary by MDFB
- Eligible Project:
 - Public infrastructure, building, other.
- Method:
 - 50% of contribution

Local Property Tax Abatement

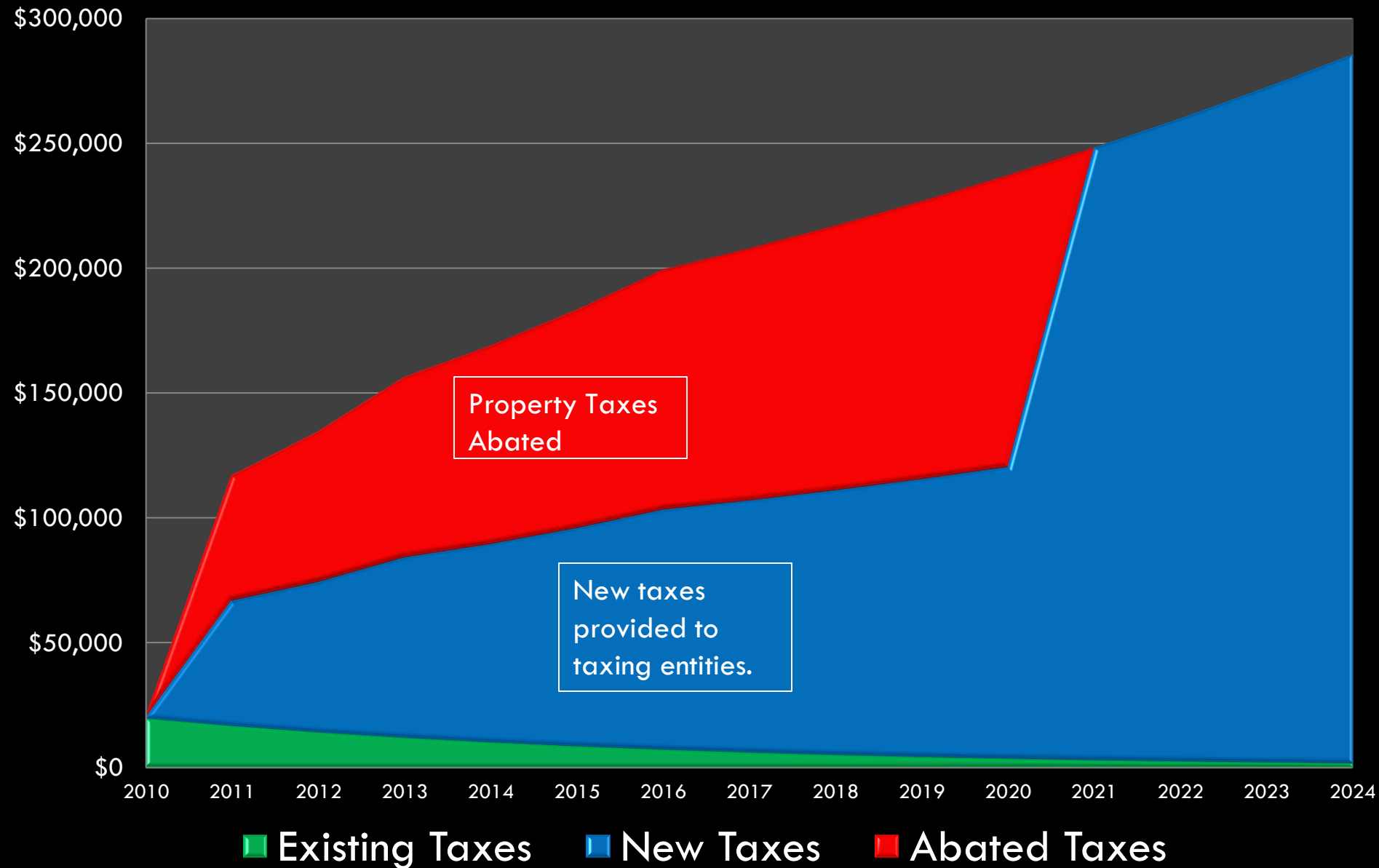
Description



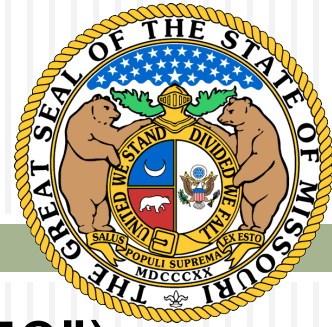
- Eliminates a portion of the new real property taxes caused by a project to offset some of the project costs.
 - Certain programs affect personal property by ownership of asset by a public entity and lease to the company.
- Purpose:
 - Redevelopment of blighted properties/areas.
 - Business Development.
- Other:
 - Discretionary approval (except EEZ areas).

Property Tax Abatement Example

50%, 10 years

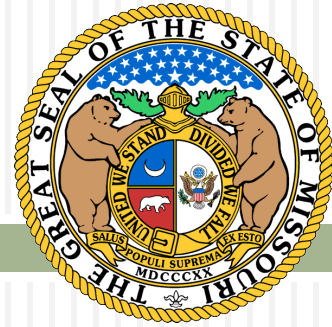


Property Tax Abatement Programs



- Urban Redevelopment Corporation (“353”)
- Land Clearance for Redevelopment Authority
- Chapter 100 Bonds
- Enhanced Enterprise Zone
- Port Authorities* (certain areas)
- Planned Industrial Expansion Authority* (certain areas)

Property Tax Abatement Programs

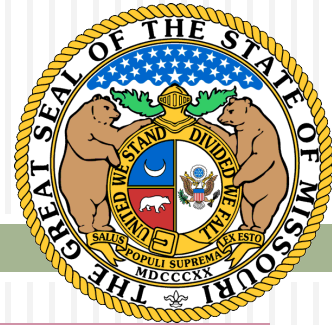


Program	Real or Personal Abatement	Eminent Domain	Approved by
Urban Redev. Corp.	Real	Yes	City
Land Clearance for Redev. Auth.	Real / Personal	Yes	LCRA
Chapter 100 Bonds	Real / Personal	No	City / County
Enhanced Enterprise Zone	Real	No	Automatic
Port Authority	Real / Personal	Yes	Port Authority

Community Development Projects



DED Community Dev. Programs



Tax Credits

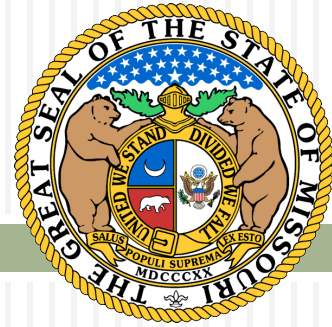
- Neighborhood assistance
- Youth Opportunities

Others

- Community Development Block Grant

Neighborhood Assistance

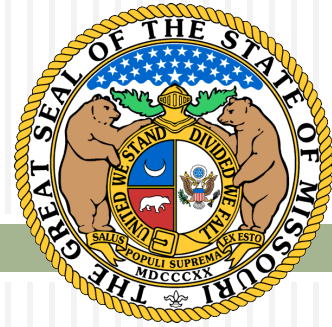
Missouri Tax Credit



- Type of Approval:
 - Discretionary
 - Up to 50% of contribution.
 - 70% in rural areas; limited amount.
 - \$250,000 per project.
- Eligible Project:
 - Non-profit activities.
 - Hard costs or operations.

Youth Opportunities

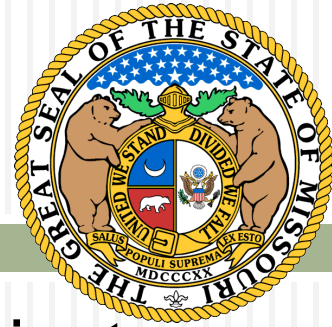
Missouri Tax Credit



- Type of Approval:
 - Discretionary
 - Up to 50% of contribution.
 - \$250,000 per project
- Eligible Project:
 - Non-profit, education, or other beneficiary.
 - Positive actions to reduce youth violence or criminal activity.

Neighborhood Preservation

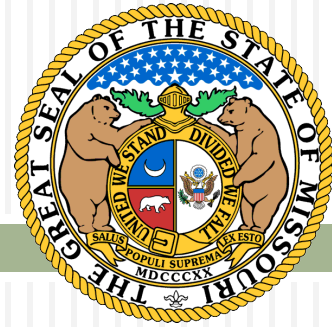
Missouri Tax Credit



- Funding Situation:
 - Incentive for homeowners to rehab housing.
 - Type of Approval:
 - First come (lottery)
 - Eligible area:
 - “Eligible” and “Qualified” areas (below average incomes)
 - Annual Cap:
 - \$16 million
- Max. per project:
 - New Const: 15% up to \$25,000/\$40,000
 - Substantial rehab: 25/35% up to \$25,000 to \$70,000
 - Eligible Project:
 - Owner occupied home.

Tax Increment Financing

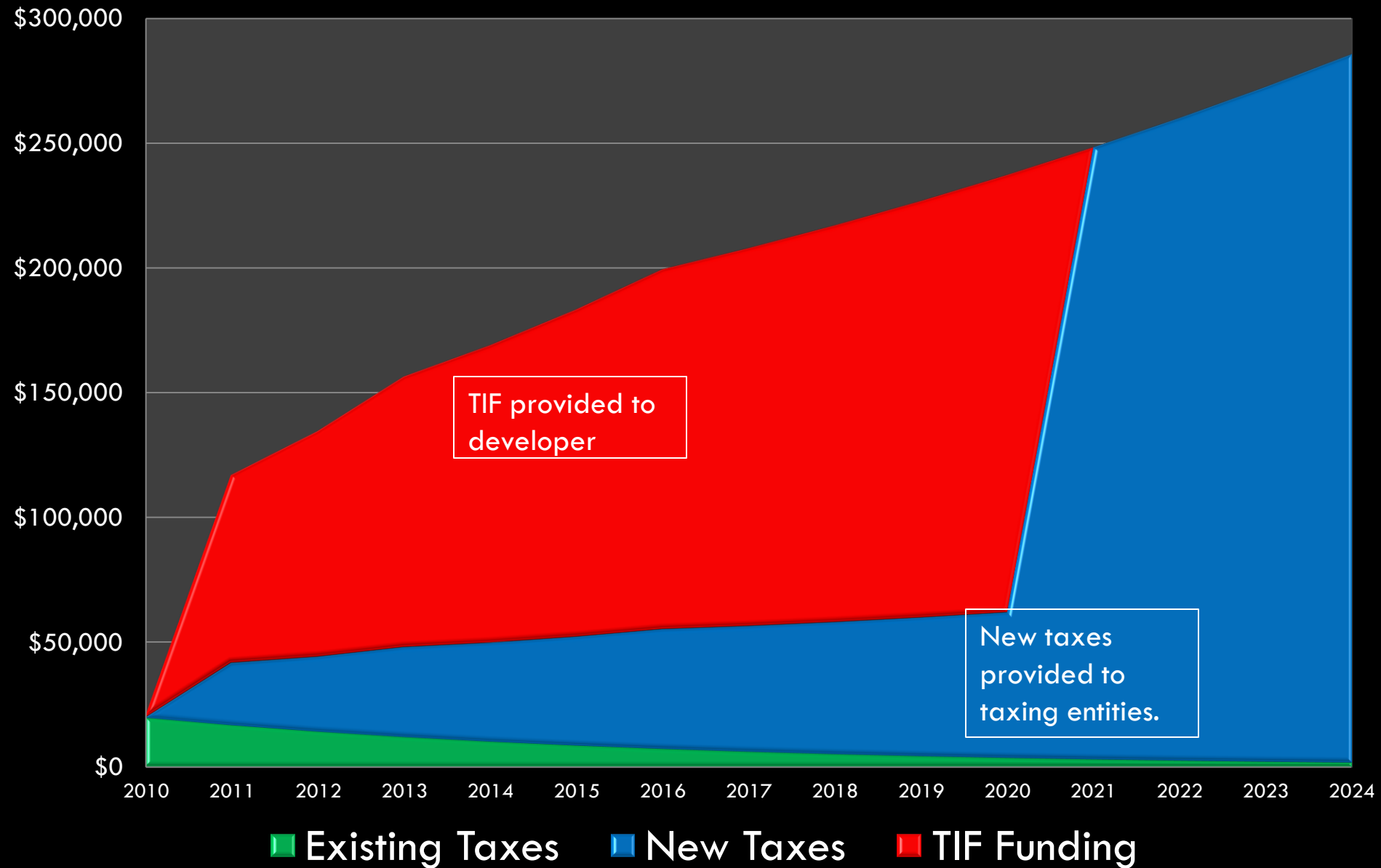
Local



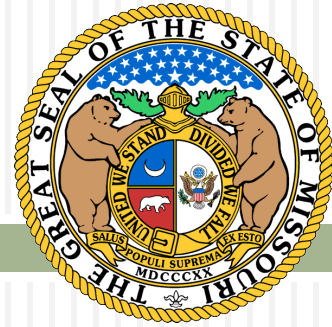
- Max. per project:
 - Up to 100% of new real property taxes created by the project.
 - Up to 50% (really 100%*) of new local sales taxes.
- Eligible Project:
 - Almost any.
- Use of Funds:
 - Infrastructure
 - Rehab of Buildings
 - Prof. costs
- Funding options:
 - Bond issuance
 - Developer reimbursement

TIF Example

75%, 10 years



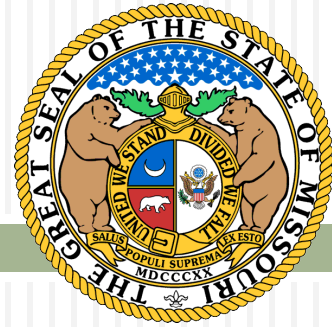
Local Development Agreement



- Max. per project:
 - Up to 100% of new local sales taxes.
- Eligible Project:
 - Almost any.
- Use of Funds:
 - Infrastructure
 - Prof. costs
- Funding options:
 - Bond issuance
 - Developer reimbursement

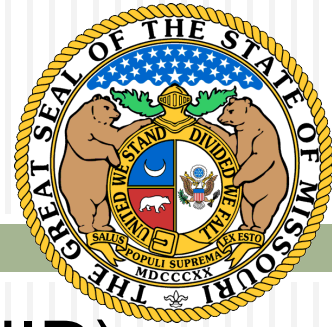
Downtown Preservation

Missouri DED



- Max. per project:
 - Up to 50% of new state sales tax created by project.
 - \$250,000 to \$5 mil. based on population size of city.
- Eligible Area:
 - City of less than 200,000 population.
 - MHI less than \$62,500.
 - Central business district area.
 - 50%+ buildings must be 35+ years old.
 - Blighted.
- Eligible Project:
 - Almost any.
- Use of Funds:
 - Public Infrastructure
- Other:
 - Supplements local TIF.
 - Subject to appropriation by legislature.

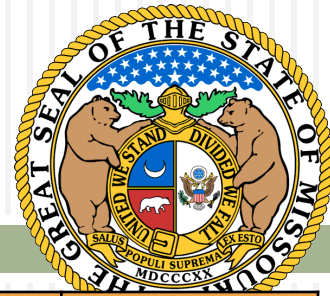
Special Area Tax or Special Assessments Local Programs



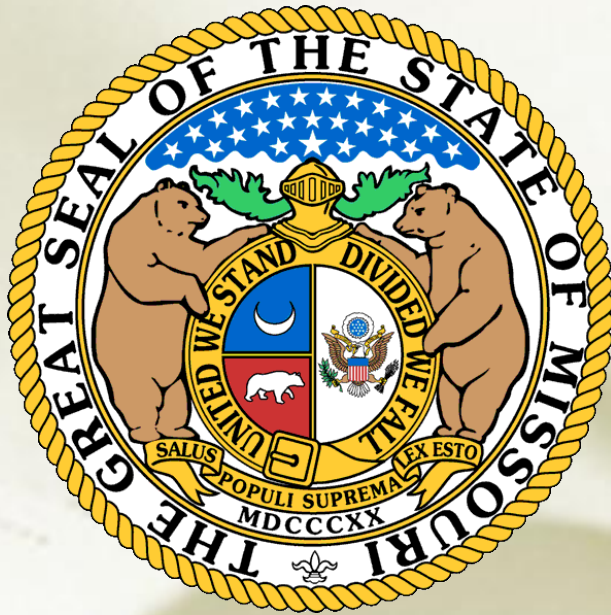
- Neighborhood Improvement Districts (NID)
- Community improvement districts (CID)
- Transportation development districts (TDD)
- Special Business Districts
- Economic development sales tax

Special Area Tax or Assessments

Local Programs



Program	New Political Subdivision	Use of Funds	Eminent Domain	Special Assmnt	Property Tax	Sales Tax	Public Vote
NID	No	Public Infrastructure	No	Yes	No	No	Vote or Petition
CID	Yes – sales, property tax No – Assmnt	<ul style="list-style-type: none"> • Infrast. • Promotions • Maint. • Security 	No	Yes	Yes	Up to 1%	Yes (property owners)
TDD.	Yes –tax No–Assmnt	Transportation Infrastructure	Yes	Yes	Yes	Up to 1%	Yes (property owners)
Special Bus. Dist.	Yes	<ul style="list-style-type: none"> • Infrast. • Promotions • Maint. • Security 	No	Yes	Yes	No	Yes
ED Sales Tax	No	<ul style="list-style-type: none"> • Marketing • Infrast. • Buildings 	No	No	No	Up to 1/2 %	Yes



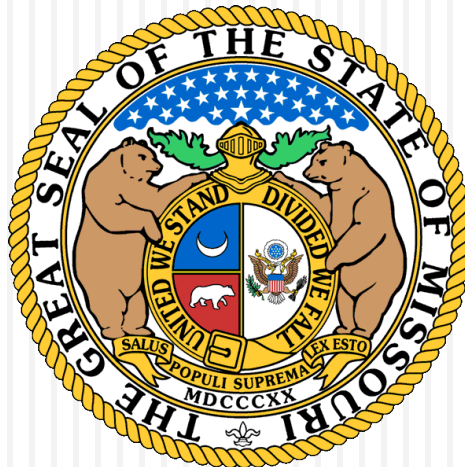
State and Local Financing/Incentives Resources

Mike Downing, Deputy Director

MEDC
November, 2011



Strategic Initiative for Economic Growth



Purpose of the Strategic Initiative for Economic Growth:

Identify specific strategic and tactical plans for transforming Missouri's economy into a 21st Century sustainable growth economy.

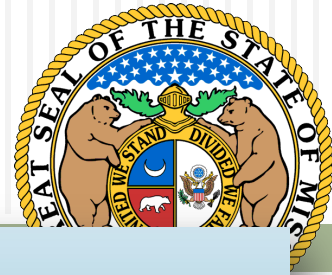


Scope of the Initiative

- Select and prioritize 8 key strategies.
 - Data-driven.
 - Statewide focus, but recognize uniqueness of regions.
- For each strategy, develop tactical implementation plans.
- 5 year strategy period.
- Concentrate on “primary” businesses.

Website:

www.ded.mo.gov/Strategic.aspx



Strategic Initiative for Economic Growth

Purpose:

To identify a clear path for growth in the Missouri economy, the 2010 Strategic Initiative for Economic Growth has been launched by Governor Nixon. The Initiative will engage representatives from business, labor, higher education, and economic development across the state to chart a path for transforming the Missouri economy into a long-term, sustainable, 21st century growth economy. The initiative will be coordinated by the Missouri Department of Economic Development and a professional facilitator experienced in economic development strategic planning. Upon completion of the 6-9 month process, the final Initiative plan will identify a vision and mission for transforming the Missouri economy within 5 years; data driven strategic and tactical plans required to accomplish the vision and mission; targeted high growth industries that will drive economic growth in the state; and other economic factors that support long-term economic growth including innovation, workforce, access to capital, quality of life, tax structure and incentives.

Leadership:

- The Initiative management and oversight will be by David Kerr, Director of the Missouri Department of Economic Development.
- The Executive Advisory Committee is Bill Downey of Kansas City Power & Light (Kansas City); Ann Marie Baker of UMB (Springfield); David Steward of World Wide Technologies (St. Louis); and Paul Combs of Baker Implement (Kennett). This committee will provide overall guidance and direction on the process.

Final Reports

- 📄 Target Clusters & Mrktg.
- 📄 Final Report, Str Plan
- 📄 Executive Summary

Members

- 📄 Steering Com Members
- 📄 Central Reg Ping Team
- 📄 KC, NW Reg Ping Team
- 📄 North Reg Ping Team
- 📄 SE Reg Ping Team
- 📄 STL Reg Ping Team
- 📄 SW Reg Ping Team

Summaries of Meetings

- 📄 Str Com 1, video links
- 📄 North Reg Forum, Sept 21
- 📄 Central Reg Forum, Sept 22
- 📄 Regional Forums, Opening
- 📄 SE Region Forum, 9-23-10
- 📄 StLouis Reg Forum 9-23-10
- 📄 KC NW Reg Forum 9-23-10

Leadership



Targeted Industries

- What it is:
 - ▣ Identifies the industry sectors that have most growth potential AND are applicable to Missouri's strengths.
- Purpose:
 - ▣ Targets resources:
 - Marketing, recruitment, and expansion/retention efforts.
 - Incentives, technical assistance.
 - ▣ May result in the formation of “Clusters”, which drives growth, innovation and entrepreneurship.

Missouri target sectors



Advanced Manufacturing

Aerospace and Defense

- Products and Parts
- Electronics
- Safety Equipment and Controls
- Engineering

Transportation Equipment

- Materials
- Energy Storage
- Machinery
- Transportation Equipment and Auto Supplies

Energy Solutions

- Nuclear Power
- Natural Gas
- Wind Energy
- Solar Energy
- Biomass/Biofuels
- Research & Development

Biosciences

Plant and Ag Tech

- Biochemical Research
- Chemical Manufacturing
- Ecotechnology
- Agriculture and Crop Production

Companion & Feed Animal Sciences

- Biological Research
- Animal Farming
- Animal Food Manufacturing

Biomedical

- Research and development
- Pharma discovery and manufacture
- Genomics
- Medical Devices

Health Care Sciences and Services

Health Care Innovation

- Process/services evolution to meet needs
- Creating new business categories
- Optimizing systems

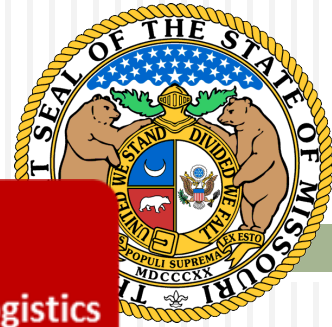
Health Sciences

- Health care IT
- Pharmacy benefits management
- Health care consulting

Health Services

- Hospitals and doctors' offices
- Home-based care
- Clinics

Missouri target sectors



Information Technology

Software, Hardware, and Systems Design

- Software Design & Publishing
- Data Processing and Hosting
- Computer Systems Design
- Research & Development

Data Centers

- Data Storage
- Information Assurance

Technology Resource Centers

- Customer Support

Financial and Professional Services

Financial Services

- Banks and Investment Firms
- Insurance Carriers, Agents, Brokers
- Accounting
- Financial Planning Services

Professional Services

- Legal Services
- Advertising and PR
- Consulting Services
- Business Support

Customer Care Centers

- Customer Support

Transportation and Logistics

Freight Haulers

Warehousing

Wholesalers

Regional Targeted Industries



® Springfield Area
Chamber of Commerce
Springfield, Missouri



- Animal Health
- Bioscience
- Food Processing
- Agricultural Science
- Manufacturing
- Logistics and Warehousing
- Insurance
- Health Care
- Manufacturing Support
- Back Office



Regional Economic Development Inc.
Serving Columbia/Boone County, Missouri since 1988

- Data Centers
- Education
- Life Sciences
- Human and Animal Health
- Information Technology
- Insurance

Black – Same as MO SIEG
Blue – Similar / Niches
Red – Not the same

- Plant and Medical Sciences
- Advanced Manufacturing
- Information Technology
- Transportation and Distribution
- Financial Services



- Advanced Energy
- Biosciences
- Contact Centers
- Data Centers
- Distribution
- Financial Services
- Headquarters
- Manufacturing

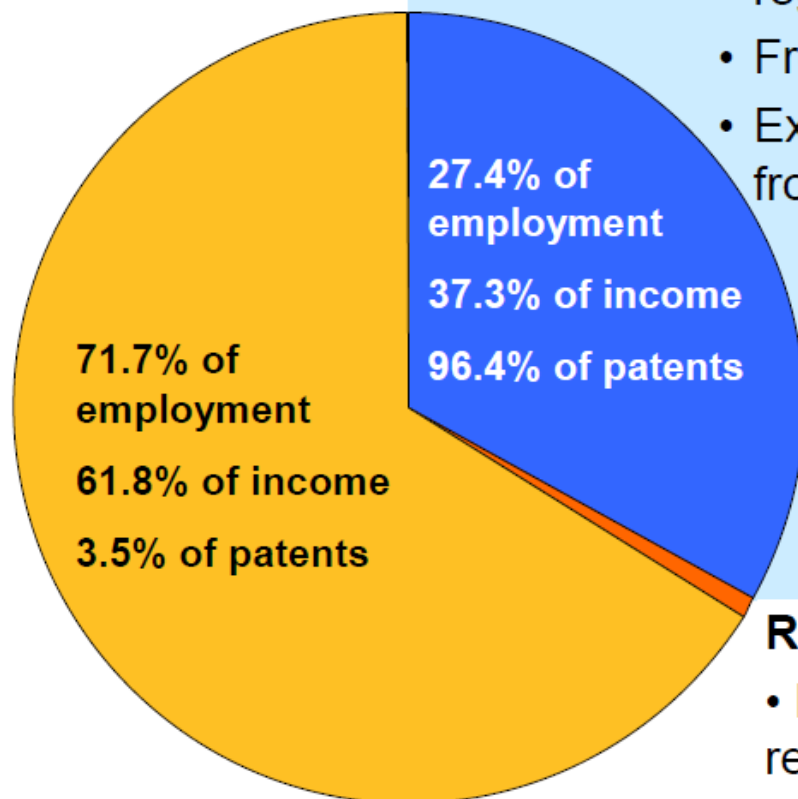
Industry “Clusters”

- What it is:
 - ▣ Regional concentration of comprehensively networked (vertical and horizontal) businesses up and down the value chain.
 - ▣ Training partners completely synched to the needs of employers.
 - ▣ Supportive infrastructure capacity, and,
 - ▣ A policy climate tailored to the competitive needs of the cluster.
- Includes:
 - ▣ End product industries.
 - ▣ Downstream or channel industries.
 - ▣ Specialized suppliers and providers of specialized services.
 - ▣ Related industries (shared activities, labor, technologies, channels, customer relationships).
 - ▣ Supporting institutions – standard setting, education/training, research, trade associations.

Composition of Regional Economies, United States

Local Clusters

- Serve almost exclusively the local market
- Not exposed to cross-regional competition for employment



Traded Clusters

- Serve markets in other regions and countries
- Free to choose location
- Exposed to competition from other regions

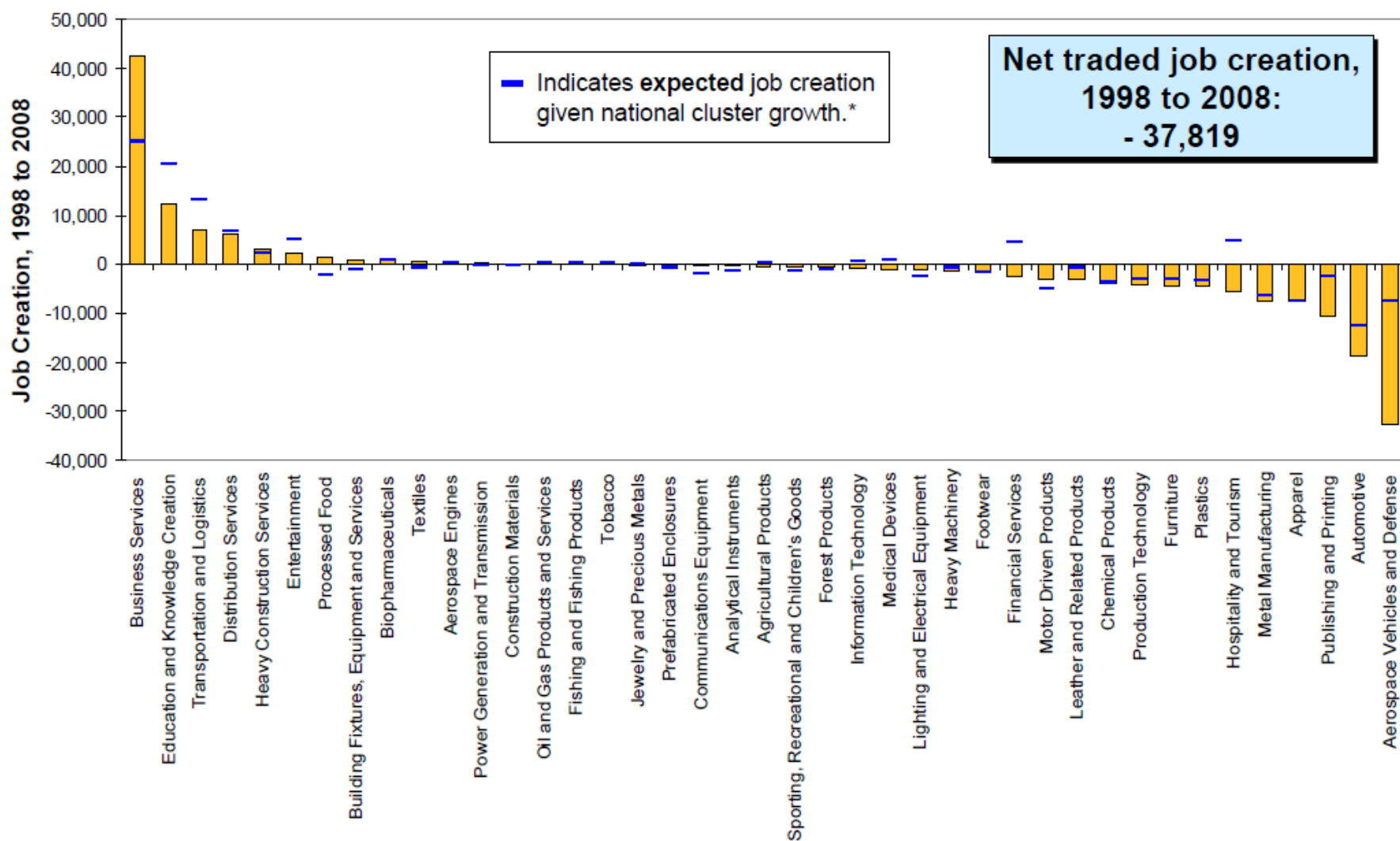
Resource-based Clusters

- Location determined by resource availability
- <1% of income, employment, and patents in the U.S.

Source: Michael E. Porter, Economic Performance of Regions, Regional Studies (2003); Updated via Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School (2008)

Missouri Job Creation by Traded Cluster

1998 to 2008



* Percent change in national benchmark times starting regional employment. Overall traded job creation in Missouri, if it matched national benchmarks, would be +9,206
 Source: Prof. Michael E. Porter, Cluster Mapping Project, Institute for Strategy and Competitiveness, Harvard Business School; Richard Bryden, Project Director.

Cluster Organizations in MO

Kansas City Region



Statewide



St. Louis Region



Strategies for Economic Growth

Adopted Nov. 30 by Steering Committee

1. Attract, develop and retain a **workforce** with the education and skills to succeed in a 21st-Century economy.
2. Support local economic-development organizations in the retention and expansion of **existing businesses** and employers.
3. Optimize its **tax, incentive and regulatory policies** to best support the growth of high-value target business sectors.
4. Invest in **technology and innovation** to attract, launch and sustain the growth companies of the future.

Strategies for Economic Growth

Adopted Nov. 30 by Steering Committee

5. Aggressively market the state to domestic and select international audiences.
6. Develop a best-in-class foreign trade initiative.
7. Develop a culture that encourages small and minority business development and entrepreneurship.
8. Provide the infrastructure necessary for companies and communities to be successful.

